

## Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 03840 01 OF 02 041745Z  
ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 XMB-02 L-03 H-01  
PM-04 NSC-05 SP-02 SS-15 TRSE-00 OMB-01 AF-08 /081 W  
-----041849Z 025360 /45

R 041559Z MAR 77  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 2402  
INFO AMEMBASSY BEIRUT  
AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY KUWAIT  
AMCONSUL KARACHI  
AMEMBASSY LONDON  
S/AMEMBASSY PARIS 2158  
AMEMBASSY ROME  
AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE SECTION 1 OF 2 CAIRO 3840

FROM RCAA DWOR

DEPARTMENT PASS COMMERCE FOR COHEN, HALE, MYERS: EXIMBANK

DEPARTMENT PASS FAA FOR CARY AND CARMICHAEL

BEIRUT FOR RCAA

BRUSSELS FOR FAA

ROME FOR RCAA

E.O. 11652: N/A

TAGS: EAIR, BEXP, EG

SUBJECT: EGYPTAIR STATUS AND FLEET PLANNING A-300B4 LEASE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 03840 01 OF 02 041745Z

REF: (A) ROME 1405, (B) CAIRO 2923

1. SUMMARY: RCAA/EMBASSY MEETINGS MARCH 1-3 WITH  
HEADQUARTERS STAFF EGYPTAIR INCLUDING CHAIRMAN MOHAMAD  
HASHAD, VICE CHAIRMAN FINANCE EZZAT MEGAHED, VICE CHAIRMAN  
OPERATIONS Y.S. AIDEROS, VICE PRESIDENT PLANNING

MOHAMED EL ZEMETI, PLANNING GENERAL MANAGER M. BAZARAA,  
AND FORMER OPERATIONS DIRECTOR M.Y. FAHMY INDICATE  
FOLLOWING: A. AIRLINE HAS REGISTERED PRELIMINARY NET  
PROFIT \$8.0 MILLION YEAR ENDED DEC. 31, 1976; B.  
TRAFFIC (RPK'S) UP 19 PERCENT, CAPACITY (ASK'S) UP AT  
LESSER RATE 16 PERCENT, AND PASSENGER LOAD FACTOR UP 1.8  
POINTS TO 58 PERCENT 1976 OVER 1975; C. AIRLINE  
APPEARS TARGETING FOR GO-AHEAD DECISION LATER THIS YEAR  
(DESPITE FINANCING CONSTRAINTS) TO ACQUIRE THREE NEW  
WIDEBODIED AIRCRAFT FOR SCHEDULED SERVICES SPRING 1979;

D. IN RELATED MOVES TO RATIONALE FLEET MORE EFFECTIVELY,  
AIRLINE LEASING OUT TO TRANSAVIA HOLLAND TWO BOEING 109-  
SEAT ADVANCED 737-266 TWINJETS FOR 24 MONTHS  
SIMULTANEOUSLY WITH WELEASE FROM GERMANAIR OF TWO AIRBUS  
INDUSTRIE A-300B4'S FOR SIMILAR PERIOD; E. PROSPECTS  
FOR SALE U.S. WIDEBODIES AIRCRAFT TO AIRLINE APPARENTLY  
UNDIMMED, WITH EGYPTAIR PLANNERS AWARENESS APYLOAD/RANGE  
SHORTFALLS A-300B4 ON SUCH IMPORTANT ROUTE SECTORS AS  
BOMBAY-CAIRO, CAIRO-LONDON, CAIR-COPENHAGEN, CAIR-APRIS  
COUPLED WITH SENIOR STAFF STATEMENTS THAT GERMANAIR LEASE  
UNRELATED INTERIM MOVE TO COVER CRITICAL CAPACITY AND  
MARKET SHARE SHORTFALLS ON HIGH DENSITY ROUTES WITHIN  
ARAB WORLD PENDING PERMANENT WIDEBODIES ACQUISITIONS.

F. AIRLINE HIGHLY SATISFIED WITH ECONOMICS, PERFORMANCE,  
AND PROFITABILITY ITS NEW SEVEN-AIRCRAFT ADVANCED 737-  
266 TWINJET FLEET, PARTICULARLY IN HIGH-DENSITY  
DOMESTIC DEPLOYMENT BUT DISAPPROPRIATED PAYLOAD/RANGE  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CAIRO 03840 01 OF 02 041745Z

CAPABILITIES ON SEEVERAL REGONAL ROUTES(SANAA-CAIRO,  
KHARTOUM-CAIRO, AMMAN-CAIRO). END SUMMARY.

2. FINANCIAL RESULTS: AIRLINE HAS REGISTERED  
PRELIMINARY (\$7.98 MILLION AT IATA CONVERSION RATE) FOR  
YEAR ENDED DEC. 31, 1976 AS COMPARED TO 1.5 MILLION  
EGYPTIAN POOUNDS (\$3.4 MILLION) FOR 1975. STRONG SHOWING  
DUE HIGHLY PROFITABLE AVANCED 737-266/707-366C FLEET,  
1.8 POINT INCREASE IN PASSENGER LOAD FACTOR, AND  
PHASEOUT COSTLY, OBSOLESCENT HAWKER SIDDELEY COMET 4C'S.

3. TRAFFIC RESULTS:

	REVENUE PSGR	AVAILABLE SEAT	PASSENGER LOAD
	KILOMETERS (000)	KILOMETERS (000)	FACTOR
1974	1,285,331	2,516,927	51.1 PERCENT
1975	1,459,003	2,596,763	56.2 PERCENT
INCREASE			
OVER 1974	PLUS FOURTEEN	PLUS THREE	PLUS 5.1 POINTS
	PERCENT	PERCENT	

1976 1,738.902 3,002,449 58.0 PERCENT

INCREASE

OVER 1975 PLUS NINETEEN PLUS SIXTEEN PLUS 1.8 POINTS  
PERCENT PERCENT

4. PRESENT FLEET AND DEPLOYMENT (JANAUARY 26-MARCH 31  
SCHEDES):

A. BOEING ADVANCED 737-266: SEVEN AIRCRAFT IN SERVICE  
(FIVE EFFECTIVE APRIL), CONFIGURED AT 109 ALL-ECONOMY  
SEATS AND DEPLOYED ON 28 DOMESTIC TRUNKLINE (CAIRO-  
LUXOR-ASWAN-ABU SIMBEL), 14 REGIONAL MIDDLE EAST, 10  
NORTH AFRICA/LIBYA, AND 11 WEST EUROPEAN ROUNDTRIP  
SCHEDES WEEKLY. AVERAGE DAILY UTILIZATION 1976  
5.5 HOURS PER DAY PER AIRCRAFT, BUT WITH SLIMMED-DOWN  
FLEET OF FIVE, WILL INCREASE TO OPTIMUM 7.5 HOURS FOR  
1977.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 CAIRO 03840 01 OF 02 041745Z

B. BOEING 707-366C: SEVEN AIRCRAFT IN SERVICE CONFIGURED  
AT 154 MIXED CLASS SEATS (12 PLUS 142), AND DEPLOYED ON  
24 REGIONAL MIDDLE EAST, 16 WEST EUROPE, 7 GULF, 2 WEST  
AFRICA, 2 EAST AFRICA, 2 FAR EAST, AND 1 INDIA ROUNDTRIP  
SCHEDES WEEKLY, AVERAGE DAILY UTILIZATION 9.9 HOURS  
PER DAY PER AIRCRAFT.

5. WIDEBODIES LEASE: EGYPTAIR SIGNED WETLEASE (INCLUDING  
CREWS) AGREEMENT WITH GERMANAIR (FRANKFURT-BASED CHARTER  
AIRLINE) LATE FEBRUARY COVERING TWO 278-SEATS (20 PLUS  
258) AIRBUS INDUSTRIE A-300B4'S FOR DEPLOYMENT ON REGIONAL  
HIGH-DENSITY ROUTES REPLACING IN MAIN, BOEING 707-366C  
CAPACITY WHICH, IN TURN, FREED TO REPLACE CAPACITY GAP  
CREATED BY LEASE TO TRANSAVIA HOLLAND OF TWO BOEING  
ADVANCED 737-266'S. PERIODS OF GERMANAIR AND TRANSAVIA

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 CAIRO 03840 02 OF 02 041736Z  
ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 H-01 XMB-02  
PM-04 NSC-05 SP-02 SS-15 TRSE-00 OMB-01 AF-08 /081 W  
-----041848Z 025228 /45

R 041559Z MAR 77  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 2403  
INFO AMEMBASSY BEIRUT  
AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY KUWAIT  
AMEMCONSUL KARACHI  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE SECTION 2 OF 2 CAIRO 3840

HOLLAND AGREEMENTS RUN FOR 24 MONTHS TO SPINRG 1979.  
ACCORDING BAZARA AND EL ZEMETI, A-300B4 LEASE WORKED  
OUT DIRECTLY BETWEEN GERMANAIR AND EGYPTAIR WIHOUT  
INTERVENTION OF OR CONSULTATIONS WITH AIRBUS INDUSTRIE.  
COPETING FOR FILLING EGYPTAIR'S LEASING REQUIREMENTS,  
WERE (ALONG WITH GERMANAIR) KOREAN AIRLINES, TRANS  
EUROPEAN AIRWAYS (LIEGE, BELGIUM), AND LTU (DUSSELDORF).  
LTU, OFFERING TWO 330-SEAT LOCKHEED-CALIFORNIA  
L-1011 TRISTARS, LOST OUT DUE UNAVAILABILITY ITS AIRCRAFT  
UNTIL JUNE BECAUSE OF FAA-REQUIRED FLOOR STRENGTHENING  
MODIFICATONS. THE TWO GERMANAIR A-300B4'S WILL ENTER  
SCHEUDLED SERVICE APRIL 9 AND MAY 14 ON FOLLOWING SECTORS:  
CAIRO-ABU DHABI-DUBAI 2 RTS WEEKLY, CAIRO-DUBAI-KARACHI  
2 RTS WEEKLY, CAIRO-JIDDA 7 RTS WEEKLY, CAIRO-KUWAIT  
5 RTS WEEKLY, CAIRO-SOHA-ABU DHABI 2 RT'S WEEKLY. AVERAGE  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 03840 02 OF 02 041736Z

DAILY UTILIZATION 7.5 HOURS PER DAY PER AIRCRAFT.

6. FLEET EXPANSION PLANNING: DESPITE FINANCIAL CONSTRAINTS  
AND EGYPTIAN ECONOMIC UNCERTAINTIES, AIRLINE IS HIGHLY  
ENCOURAGED BY \$8 MILLION NET PROFIT 1976 AND POINTING  
TOWARDS 1977 ORDER FOR THREE WIDEBODED AIRCRAFT (\$90-  
\$150 MILLION DEPENDENT UPON TYPE ORDERED) LATER THIS YEAR  
FOR INITIAL DELIVERY LATE 1978 AND ENTRY INTO SCHEUDLED  
SERVICE APRIL 1979, REPLACING THE TWO GERMANAIR A-300B4'S.  
HEAVY WIDEBODES COPETITION AND NEED TO MEET 20 PERCENT  
ANNUAL TRAFFIC GROWTH PUSHING AIRLINE TO ACCELERATE  
DECISION; TYPES UNDER CONSIDERATION A-300B4, L 1011-  
200 AND L-1011-500, DC-10-10 AND DC-10-30, 747-266B  
AND 747SP. BASED ON 1976 TRAFFIC RESULTS, AIRLINE

COMPLETING REVISED GROUND RULES/PARAMETERS FOR COMPETING AIRCRAFT MANUFACTURERS, WHICH WILL BE FORWARDED TO MANUFACTURERS THIS MONTH. ALTHOUGH A-300B4 REPRESENTS FORMIDABLE SHORT TO MEDIUM-RANGE COMPETITOR, ITS PAYLOAD LIMITATIONS CAIR-LONDON-CAIRO-PARIS, CAIRO-COPENHAGEN, BOMBAY-CAIRO INHIBIT ITS FLEXIBILITY AND APPLICABILITY ON EGYPTAIR'S TOTAL ROUTE NETWORK.

7. BOEING ADVANCED 737-266: AIRLINES FIVE NEW TWINJETS, DELIVERED MARCH, APRIL, AND JUNE 1976 HIGHLY SUCCESSFUL, COST-EFFECTIVE, AND PROFITABLE ON PRIME DEPLOYMENT: DOMESTIC HIGH-DENSITY/TOURIST-ORIENTED TRUNKLINE (CAIRO-LUXOR-ASWAN-ABU SIMBEL). HOWEVER, DUE TO FACTORS OF LIMITED RUNWAY LENGTH, HIGH AMBIENT TEMPERATURE, AND HIGH AIRPORT ELEVATION, 109-SEAT ADVANCED 737-266'S PAYLOAD LIMITED TO ONLY 60 TO 71 PASSENGERS AND BAGGAGE ON FOLLOWING ROUTES DURING SUMMER: AMMAN-CAIRO, SANAA-CAIRO, KHARTOUM-CAIRO, AND ON TEHRAN-CAIRO POTENTIAL CHARTERS. NOTWITHSTANDING, NEW TWINJETS REPRESENT MAJOR REASON FOR HIGHLY SATISFACTORY AIRLINE PROFIT POSITION 1976 DUE THEIR ECONOMICS, PASSENGER APPEAL, MAINTAIN - ABILITY, RELIABILITY, AND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CAIRO 03840 02 OF 02 041736Z

EGYPTAIR HIGHLY GRATIFIED BY NEW AIRCRAFT'S OVERALL TRACK RECORD. INITIAL DISPATCH RELIABILITY (15 MINUTES OR LESS DEVIATION FROM SCHEDULED DEPARTURE) 70 PERCENT, BUT THIS HAS IMPROVED CONSIDERABLY OF LATE.

7. OPERATING FLEET AS OF MAY 14, 1977:

2 A-300B4 (WETLEASED FROM GERMANAIR)  
5. ADVANCED 737-266 (TWO OTHERS LEASED TO TRANSAVIA HOLLAND)  
7 707-366C

8. STAFF AS OF DEC. 31, 1976 -- 8433

9. AIRLINE WEAKNESSSES: EXCESSIVE SENIOR MANAGEMENT TURNOVER, EXCESSIVE STAFF, LOW PAY, POOR MORALE, LACK OF OVERALL TOP-LEVEL EXERCISE OF AUTHORITY AND CONTROL WITH EXCESSIVE POWER PREEEMPTED BY AIRLINE'S FLIGHT CREWS.

10. ROUTE EXPANSION PLANNING:

KARACHI EFFECTIVE APRIL 9 OR MAY 14, PLUS TUNIS AND MADRID AT UNSPECIFIED DATES.

11. EMBASSY COMMENT: INFORMATION ON EGYPTAIR PROFITS SHOULD BE READ IN CONNECTION WITH REF B. IT IS NOT CLEAR HOW THESE

DATA SQUARE WITH MINCIV AVIATION STINO'S ANNOUNCEMENT THAT  
MINFIN WILL ABOSRB SOME LE 16 MILLION IN EGYPTAIR'S LESSES.  
EILTS

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COMMERCIAL AIRCRAFT, LEASES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 04-Mar-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977CAIRO03840  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770075-0709  
**Format:** TEL  
**From:** CAIRO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770394/aaaadenq.tel  
**Line Count:** 281  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 9bcaadbd-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 ROME 1405, 77 CAIRO 2923  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 23-Nov-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3211465  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EGYPTAIR STATUS AND FLEET PLANNING A-300B4 LEASE LIMITED OFFICIAL USE LIMITED OFFICIAL USE  
**TAGS:** EAIR, BEXP, EG, EGYPTAIR  
**To:** STATE  
**Type:** TE  
**vdkvgwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/9bcaadbd-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009